

Message Text

CONFIDENTIAL

PAGE 01 VIENTI 03899 311058Z

15

ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 PM-03 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 SSO-00 NSCE-00 INRE-00 AID-05 IGA-01

DODE-00 L-03 OMB-01 /065 W
----- 002620

O P 310950Z MAY 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC IMMEDIATE 4174

AMEMBASSY KUALA LUMPUR PRIORITY

INFO AMEMBASSY BANGKOK PRIORITY

AMEMBASSY CANBERRA PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L VIENTIANE 3899

KUALA LUMPUR FOR ASSISTANT SECRETARY HABIB

E.O. 11652: GDS

TAGS: PFOR, PINT, EAID, US, LA

SUBJ: HABIB VISIT: SCOPE PAPER

REF: A) VIENTIANE 3876; B) VIENTIANE 3826; C) STATE 123202

1. REF A, PARA 9 DID NOT COVER ONE PARTICULAR ASPECT OF U.S. ECONOMIC ASSISTANCE, I.E., OUR PARTICIPATION IN AND CONTRIBUTIONS TO FEOF IN CY 75. FOLLOWING ARE RELEVANT ISSUES AND PROPOSED POSITIONS:

A. FEOF AGREEMENTS FOR CY 75 HAVE NOT YET BEEN SIGNED AND U.S., AS IN PRIOR YEARS, HAS SO FAR MADE AN INTERIM CONTRIBUTION OF \$5.0 MILLION. IN A LETTER TO FOREIGN MINISTER ON APRIL 30 WE INDICATED THAT WE INTENDED TO CONTRIBUTE SAME AMOUNT AS IN PRIOR YEARS, I.E., \$16.1 MILLION.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENTI 03899 311058Z

B. SEC. STATE MIN. FIN., THROUGH HIS REPRESENTATIVE HAS

ASKED DONORS TO SIGN THE AGREEMENTS AS SOON AS POSSIBLE. THIS REQUEST WAS MADE BOTH AT THE LAST DONOR ADVISORY BOARD MEETING, MAY 23, AND IN A VISIT TO FRENCH CHAIRMAN OF THE MONTH ON MAY 30. DURING VISIT TO DIRECTOR OF ECONOMIC COOPERATION ON MAY 29 (REF B), CHARGE WAS ALSO ASKED ABOUT CONTINUED U.S. WILLINGNESS TO CONTRIBUTE TO FEOF.

C. SINCE OUR FEOF CONTRIBUTION IN THE PAST HAS BEEN MADE IN IMPLEMENTATION OF THE 1951 ECONOMIC COOPERATION AGREEMENT AND SINCE PGNU HAS REQUESTED ABROGATION OF THIS AGREEMENT, BALANCE OF OUR CONTRIBUTION TO FEOF FOR CY 75 WILL DEPEND UPON THE OUTCOME OF THESE NEGOTIATIONS. WE WOULD THEREFORE PREFER NOT TO SIGN THE FEOF AGREEMENTS UNTIL THESE NEGOTIATIONS ARE CONCLUDED.

D. OTHER DONORS HAVE STATED THAT THEY ARE NOT LEGALLY IN A POSITION TO MAKE A CONTRIBUTION TO FEOF UNTIL THE AGREEMENTS HAVE BEEN SIGNED. THIS HAS BEEN TRUE IN PAST YEARS ALSO. THEY HAVE FURTHER STATED THAT THEY WOULD HAVE TO RECONSIDER THEIR PARTICIPATION IN FEOF IF THE U.S. CONTRIBUTION WERE SUBSTANTIALLY REDUCED. WE CAN OBVIOUSLY GIVE THEM NO ASSURANCE ON THE SECOND POINT BUT WE WANT TO ENABLE THEM TO MAKE AN INITIAL CONTRIBUTION, AS THE U.S. HAS ALREADY DONE.

E. WE THEREFORE PROPOSE THAT, IF THE OTHER DONORS AND THE PGNU SO DESIRE, WE WILL SIGN THE AGREEMENTS WITH THE PROVISION THAT THE U.S. CONTRIBUTION WILL NOT BE DETERMINED UNTIL AFTER A NEW ECONOMIC COOPERATION AGREEMENT HAS BEEN AGREED UPON. WE WANT TO ENABLE OTHER DONORS TO MAKE THEIR CONTRIBUTION AND WANT TO AVOID BEING BLAMED FOR WRECKING FEOF AND POSSIBLY CAUSING THE COLLAPSE OF THE LAO ECONOMY, SUCH AS IT IS.

2. COMMENT: IT IS UNCERTAIN WHETHER OTHER DONORS WILL GO ALONG WITH THIS POSITION. IT IS EVIDENT, HOWEVER, THAT THE SIGNING OF THE FEOF AGREEMENT AND OUR POSSIBLE FURTHER CONTRIBUTION OF \$3.0 MILLION IS BECOMING A KEY ISSUE IN OUR RELATIONS WITH THE PGNU. THE POSITION
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 VIENTI 03899 311058Z

WE PROPOSE WILL MEAN GREATLY INCREASED PRESSURE TO PROCEED WITH A RENEGOTIATION OF AN AID AGREEMENT. WE NEVERTHELESS BELIEVE WE SHOULD STICK TO OUR COURSE: (1) COMPLETE TERMINATION OF USAID ASAP; (2) COMPLETE WITHDRAWAL OF ALL USAID EMPLOYEES; (3) COMPLETE TURNOVER OF ALL EQUIPMENT, ETC., UNDER PROJECT AGREEMENTS; (4) PAUSE TO SEE WHETHER PGNU AND WE JUDGE CLIMATE OF RELATIONS PROPITIOUS; AND THAT (5) IF IT IS SO, PROCEED WITH NEGOTIATIONS AT A MEASURED PACE. WE

SHOULDN'T APPEAR TO THREATEN, BUT WE SHOULD BE FIRM.
CHAPMAN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TREATY SIGNATURE, BRIEFING MATERIALS, FOREIGN ASSISTANCE AGREEMENTS, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975VIENTI03899
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750191-0344
From: VIENTIANE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975051/aaaaadv.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 VIENTIANE 3876, 75 VIENTIANE 3826, 75 STATE 123202
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2003 by CunninFX>; APPROVED <22 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HABIB VISIT: SCOPE PAPER
TAGS: PFOR, PINT, EAID, OVIP, US, LA, FEOF, PGNU, (HABIB, PHILIP C)
To: STATE KUALA LUMPUR
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006